

Message Text

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70

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00

OMB-01 DODE-00 PM-04 H-02 L-03 NSC-05 PA-01 PRS-01

SS-15 XMB-02 /117 W

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R 231514Z NOV 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 4407

INFO USMISSION EC BRUSSELS

LIMITED OFFICIAL USE OECD PARIS 34693

PASS TREASURT AND COMMERCE (DAUMAN)

E.O. 11652: N/A

TAGS: EINV, EFIN, OECD

SUBJECT: PURSUIT OF FRENCH RESTRICTIONS ON DIRECT
INVESTMENT IN INVISIBLES COMMITTEE

REF: OECD PARIS 30936

1. PARA 12 OF REFTEL REQUESTED GUIDANCE ON WHETHER
U.S. REP TO INVISIBLES COMMITTEE (IC) SHOULD PURSUE
QUESTIONS INVOLVING FRENCH PRACTICES CONCERNING FOREIGN
DIRECT INVESTMENT. AS NEXT MEETING OF IC BEGINS MONDAY,
NOVEMBER 29, REPLY REQUESTED BY C.O.B. NOVEMBER 26.

2. FYI. RECENT FRENCH PRESS REPORTS WITH RESPECT TO
CHATEAU-MARGAUX CASE SUGGEST THAT GOF, WHILE OPPOSED
TO TRANSFER TO U.S. BUYER, WOULD PERMIT ITS SALE TO
A FIRM OF ANOTHER EC COUNTRY. EVEN IF WE TAKE UP THIS
CASE IN IC, IT MAY BE TACTICALLY UNWISE TO RAISE THE
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POSSIBLE QUESTION OF DISCRIMINATION IN FAVOR OF EC,

SINCE THE GENERAL QUESTION OF INTERPRETATION OF ARTICLES
9 AND 10 OF OECD CODES (COVERING NON-DISCRIMINATION
PRINCIPLE AND EXCEPTION FOR SPECIAL CUSTOMS AND MONETARY
SYSTEMS) IS BEING ADDRESSED CONCURRENTLY--SEE PARA 6 OF
REFTEL. HOWEVER, FRENCH WOULD HAVE GREAT DIFFICULTY
IN MAINTAINING TRADITIONAL LINE--THAT APPLICATIONS OF
PROSPECTIVE FOREIGN INVESTORS ARE NEVER REFUSED
EXCEPT IN CASES OF SPECIAL SENSITIVITY REGARDING
PRESERVATION OF NATIONAL OWNERSHIP OR PROTECTION OF
CERTAIN DOMESTIC INFANT INDUSTRIES--IF THEY WERE TO
APPROVE SALE OF CHATEAU-MARGAUX TO FIRM OF ANOTHER EC
COUNTRY.
TURNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, COMMITTEE MEETINGS, MEETING REPORTS, INVESTMENT OPPORTUNITIES, FINANCIAL PROGRAMS, INVISIBLES (BALANCE OF PAYMENTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 23 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OECDP34693
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760436-0709
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761123/aaaaastx.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 OECD PARIS 30936
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 27 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 APR 2004 by hartledg>; APPROVED <28 JUL 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PURSUIT OF FRENCH RESTRICTIONS ON DIRECT INVESTMENT IN INVISIBLES COMMITTEE
TAGS: EINV, EFIN, US, FR, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006